Stock exchange announcement

8 November 2018

MT Højgaard group report for 3rd quarter 2018

Enclosed please find MT Højgaard group's report for 3rd quarter 2018 (1 January – 30 September 2018), which is hereby published.

Højgaard Holding A/S holds an ownership interest of 54 % in MT Højgaard A/S.

Yours faithfully,
Højgaard Holding A/S

Ditlev Fløistrup
CEO

MTH GROUP

Interim financial report – third quarter 2018

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MANAGEMENT'S REVIEW

CONSOLIDATED FINANCIAL STATEMENTS

The **MTH GROUP** logo on the front page of this report refers to the whole of the MT Højgaard Group, which this interim financial report covers.
This interim financial report has been published in both Danish and English. In case of discrepancies between the two versions, or in case of doubt, the Danish version shall prevail.

Publication date: 8 November 2018

Summary – Third quarter 2018

1.6
DKK billion

Revenue declined by 19% compared with the same period last year, due to low order intake in 2017.

-459
DKK million

Unsatisfactory EBIT, reflecting provision following unexpected MgO award, additional write-downs on a major civil works project, lower revenue, and severance costs.

116
DKK million

Positive operating cash flows due to positive working capital changes.

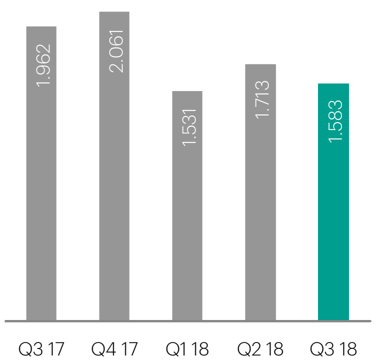
1.4
DKK billion

Order intake increased by DKK 0.2 billion compared with the same quarter last year.

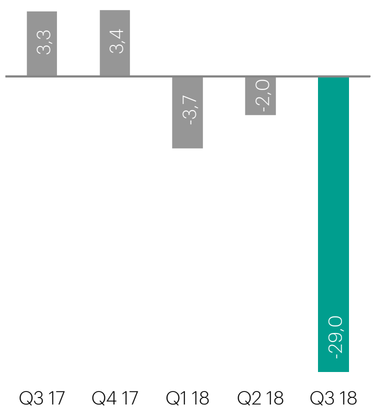
9.0
DKK billion

The order book increased by DKK 2.0 billion, driven by high order intake in the second quarter of 2018. A few large projects have a productions horizon of 3 to 4 years.

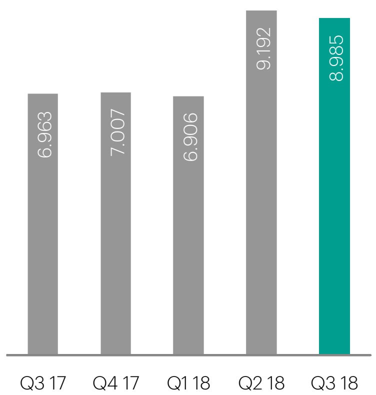
Revenue
DKK million



Operating margin before special items
%



Order book
DKK million



Outlook 2018

Revenue remains unchanged at around DKK 6.8 billion for the year. Based on the current order book, revenue is expected to increase in the fourth quarter.

Following the further write-down on a major civil works project and a revised estimate of the earnings potential in the fourth quarter, a breakeven result is now anticipated for the fourth quarter.

Accordingly, the Group has lowered its full-year EBIT outlook to a loss of around DKK 550 million compared with the previous outlook of a loss of around DKK 400 million.

Capital position

Knud Højgaards Fond and Monberg & Thorsen A/S have as of 8 November waived repayment of the subordinated loan totalling DKK 150 million provided in May 2018. As a result is added to the equity.

The provisional equity as of 8 November make up DKK 401 million equalling an equity ratio of 10,6% exclusive non-controlling interests.

Subordinated loan agreements of DKK 650 million between Knud Højgaards Fond and MT Højgaard A/S has been signed. So far, these facilities have not been drawn down.

At the end of the third quarter of 2018 financial resources totalled DKK 882 million including the subordinated loan facilities.

Including the waived subordinated loan of DKK 150 million and the undrawn subordinated loan facility of DKK 650 million in equity, this gives an equity ratio of 26,0%.

Financial highlights

Amounts in DKK million	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Year
Income statement					
Revenue	1.583	1.962	4.826	5.587	7.648
Gross profit/(loss)	-340	171	-231	446	631
Operating profit/(loss) before special items	-459	65	-548	106	176
Special items*	-	-100	-	-125	-125
EBIT	-459	-35	-548	-19	51
Profit/(loss) before tax	-463	-38	-556	-28	40
Net profit/(loss) for the period	-527	-57	-623	-61	-58
Cash flows					
Cash flows from operating activities	116	-46	-358	97	168
Purchase of property, plant and equipment	-39	-45	-111	-115	-86
Other investments, incl. investments in securities	9	11	12	16	-12
Cash flows from investing activities	-30	-34	-99	-99	-98
Cash flows from operating and investing activities	86	-80	-457	-2	70
Balance sheet					
Non-current assets	-	-	1.221	1.155	1.153
Current assets	-	-	2.408	2.794	2.522
Equity	-	-	251	904	884
Non-current liabilities	-	-	664	383	256
Current liabilities	-	-	2.714	2.662	2.535
Balance sheet total	-	-	3.629	3.949	3.675

Amounts in DKK million	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Year
Other information					
Order intake	1.376	1.157	6.805	3.959	6.064
Order book, end of period	-	-	8.985	6.963	7.007
Working capital **	-	-	-244	-187	-264
Net interest-bearing deposit/debt (+/-)	-	-	-633	-69	-73
Average invested capital incl. goodwill	-	-	862	939	934
Average number of employees	-	-	3.993	4.375	4.338
Financial ratios					
Gross margin (%)	-21,5	8,7	-4,8	8,0	8,2
Operating margin before special items (%)	-29,0	3,3	-11,4	1,9	2,3
EBIT margin (%)	-29,0	-1,8	-11,4	-0,3	0,7
Pre-tax margin (%)	-29,3	-2,0	-11,5	-0,5	0,5
Return on invested capital incl. goodwill (ROIC) (%)	-	-	-53,7	27,2	21,0
Return on invested capital incl. goodwill after tax (%)	-	-	-41,8	21,2	16,4
Return on equity (ROE) (%)	-	-	-114,5	-8,5	-9,4
Equity ratio (%)	-	-	6,4	21,9	23,3
Equity ratio (%) incl. subordinated loan	-	-	10,6	21,9	23,3

*Special items represent the impact on profit of legacy offshore disputes.
** Working capital excludes properties held for resale.

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the 2017 annual report under accounting policies.

Introduction by new President and CEO Anders Heine Jensen

This interim financial report clearly shows that there are challenges ahead for the Group.

In September, we had to drastically lower our full-year outlook after a surprising arbitration award that significantly changed existing legal practice in the MgO board cases and forced us to make substantial provisions. A crucial factor was that Knud Højgaards Fond made an immediate commitment to inject further subordinated loan capital to cover the new liabilities and that our owners showed their long-term backing to the company.

Another important factor is that the two foundations behind the Group have reopen merger talks and that we can now look forward to a simpler, more transparent ownership structure.

However, we must also look inwards and take note that, especially in the parent company MT Højgaard, we lack the necessary sense of urgency. Thus we have yet again lowered our earnings outlook for 2018 as yet another write-down on a major civil works project has been a contributing factor.

Pointers for the future

MT Højgaard's Focus 2018 programme has made good progress and pinpointed where the problems lie. The programme delivers the desired savings but has not been able to generate the speed and systematic approach that are required in order to get to grips with the fundamental challenges. We have not yet achieved the stable operation that was the objective of Focus 2018 and, even though we have become more competitive and our order intake has increased throughout the whole of 2018, the improvements have not materialised at the desired speed.

It is obvious that we need to take a more resolute approach. There are a number of specific problems that I wish to pursue quickly in conjunction with management and employees, in order to address the challenges that face us and increase value creation. The plans are being drawn up, but let me give a few pointers as to what needs to be done:

New approach to risk management

We must become far better at avoiding big losses on projects. Previous management teams have tackled this problem and a number of measures have been tried out. Unfortunately, we have to admit that, even though the awareness was there, the measures were not sufficiently effective.

Write-downs on projects in MT Højgaard are still the main reason for the Group's financial situation. This is an area we must get under control. It requires a new and different approach to day-to-day risk management, both by identifying potential and significant risks and by taking resolute action if problems with projects nevertheless arise.

This is not a matter of a quick fix but of a new way of working. It is about making a sober assessment of project risks, before contracts are signed. It is about leadership presence, efficient organisation and short decision-making paths that will ensure rational decisions and swift action. Last but not least, it is about having the right mindset in relation to responsibility and collaboration. Quite simply, we must change our organisational culture.

The essential choices

In the short and medium term there is no sense in continuing to set our sights on becoming the biggest player in the Danish market. Instead we should aim to be the best in the segments where we operate. And then we need to have the necessary drive to fight from door to door – and to hit the mark with regard to customer requirements.

We have already made some choices in 2018 by going for a broader portfolio that also includes smaller projects in order to reduce our dependence on very large one-off projects. We will be making further choices in order to focus the business on the segments where we have reasonable contribution margins and can exploit our special skills so that we can run a profitable business and deliver quality on time for our customers.

We must find out what constitutes the solid core of MT Højgaard and the entire Group – the key elements that contributed to our previous successes and must now be fine-tuned and extended. Then we must strengthen this core in terms of organisation and skills. Any non-core activities that do not contribute to the cohesion of the Group will gradually be disposed of or phased out, in order to ensure our competitiveness and produce earnings. Over the coming months we will work our way up and effectively adapt MT Højgaard and the entire Group to the reality in which we find ourselves.

I look forward to collaborating with all our employees, customers, business partners and the shareholders of the parent companies.

Anders Heine Jensen
President and CEO

Operating and financial review

Revenue was lower in third quarter and earnings were seriously impacted by the financial provision for the MgO board cases as well as additional write-down on a major civil works project..

Revenue declined by 19% in the third quarter compared with the same period last year due to low order intake in 2017.

Earnings were seriously impacted by a substantial accounting provision made following the arbitration award issued on 14 September 2018 to cover the Group's potential liabilities on construction projects on which MgO boards have been used.

Earnings were also adversely affected by an additional write-down on a major civil works project, totalling DKK 130 million so far this year, and the effect of lower revenue and severance costs for the Group's former President and CEO.

At DKK 1.4 billion, third-quarter 2018 order intake was DKK 0.2 billion higher than in the same quarter last year, and order intake thus continued the positive trend, but not as strongly as in the first and second quarters.

The order book stood at DKK 9.0 billion at 30 September 2018, corresponding to an increase of DKK 2.0 billion since the end of 2017. The increase was driven by orders of satisfactory quality in the Group's strategic focus segments. A few large projects have a productions horizon of 3 to 4 years.

Intensive work has been done during the year to create the necessary drive in MT Højgaard under the heading "Focus 2018". During the period, the Focus 2018 programme has produced good results in the form of lower costs and higher order intake, but the necessary improvements have not materialised as speedily as desired.

In August 2018, the Board of Directors appointed Anders Heine Jensen as new President and CEO of MTH GROUP, replacing Torben Biilmann (announcement of 16 August 2018). Anders Heine Jensen took up his new role on 1 November 2018 (announcement of 8 October 2018) and his first main task has been to spearhead the effort to drive forward the improvements in operations and earnings, especially in MT Højgaard's Danish business, in order to realise the company's considerable potential. Anders Heine Jensen has resigned from the Board of Directors of MT Højgaard A/S in connection with his appointment as President and CEO.

Construction

MT Højgaard
Enemærke & Petersen
Lindpro
Scandi Byg

Develops, builds and refurbishes private and public sector buildings, primarily in Denmark, but also in the North Atlantic countries and the Maldives. Accounts for the majority of the overall activities, measured in terms of both revenue and number of employees.

Civil Works

MT Højgaard

Civil works projects are undertaken by MT Højgaard. Handles large and small projects from offices in Denmark, the North Atlantic countries and the Maldives.

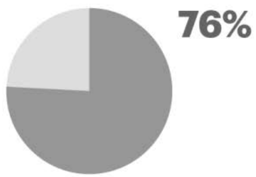
Services

Lindpro
Ajos
Enemærke & Petersen
MT Højgaard

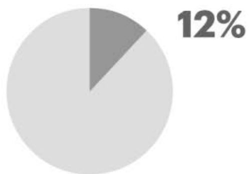
A range of services in the construction and civil engineering industry, especially through Lindpro, Ajos, Enemærke & Petersen and in connection with project development and design in MT Højgaard.

Revenue Q3 2018

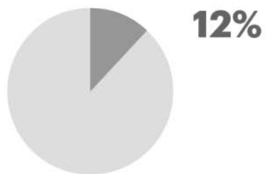
Construction



Civil Works



Services



Focus 2018
With the Focus 2018 programme, management has launched a number of concrete initiatives aimed at improving competitiveness and thus increasing order intake and earnings in the Danish part of MT Højgaard. These initiatives are grouped as follows:

Improved competitiveness. Through cost adjustments and increased efficiency. Revenue per employee must increase.

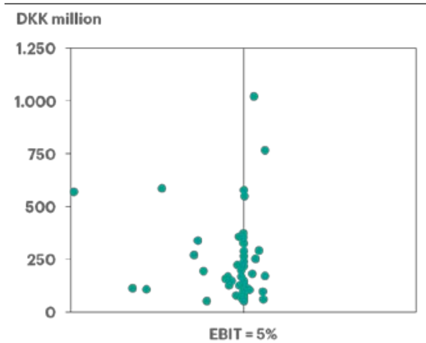
Increased order intake. Through better project selection, so that MT Højgaard will win more contracts and improve the composition of the company's project portfolio.

Stable operation. The effort to improve the balance between positive and negative variations on projects will be strengthened through increased leadership presence and focus on risk management on projects.

The Focus 2018 programme will finish at the end of 2018 and is still expected to cut MT Højgaard's total costs by around DKK 100 million, with full effect from 2019.

The following diagram shows MTH GROUP's major projects in progress. The position of the projects indicates the degree to which they meet management's requirements concerning contribution margin and should in principle be close to the centre axis and preferably to the right of it. Nevertheless, minor fluctuations in a negative direction may occur at any time and be acceptable, but the small number of major, loss-making contracts must be eliminated.

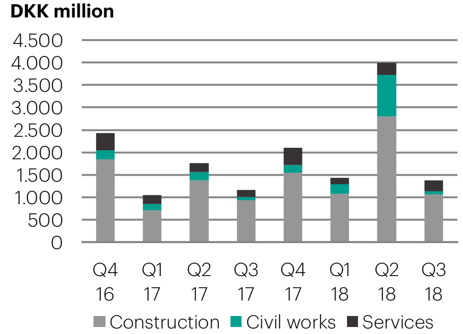
THE GROUP'S PROJECTS IN PROGRESS REVENUE > DKK 50 MILLION



As can be seen from the diagram, some projects do not meet these requirements. This means that these projects currently have a negative impact on gross and operating margins. These projects are primarily in MT Højgaard, mainly a major civil works contract in progress. The diagram also shows that the Group is working on a number of sound major projects, whose quality meets and exceeds management's expectations.

ORDER INTAKE AND ORDER BOOK
MTH GROUP contracted new orders totalling DKK 1.4 billion in the third quarter of 2018, up from DKK 1.2 billion in the same period last year, driven by a number of large, medium and relatively small orders in the strategic focus segments. The orders will contribute to results for the coming years.

ORDER INTAKE

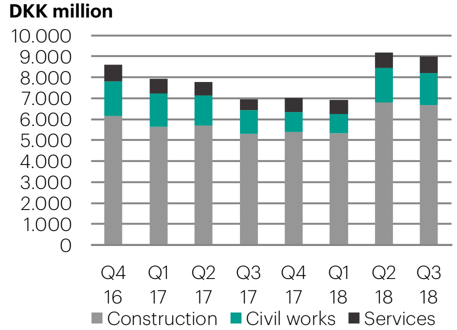


The order book stood at DKK 9.0 billion at the end of the third quarter of 2018, compared with DKK 7.0 billion at the same time in 2017.

Awarded but not contracted work totalled around DKK 0.7 billion at the end of the third quarter, compared with DKK 1.6 billion in the third quarter of 2017.

The Group is also working on the clarification phase of a number of collaboration agreements and projects, which expects to result in the conclusion of final, unconditional agreements.

ORDER BOOK



Construction
Total order intake in this business area increased by DKK 0.1 billion in the quarter and DKK 1.9 billion in the first three quarters of 2018 compared with the same periods in 2017.

Amounts in DKK million	Q3 2018	Q3 2017	2017
Order book, start of period	9.192	7.768	8.591
Order intake	1.375	1.157	6.064
Production	1.582	1.962	7.648
Order book, end of period	8.985	6.963	7.007

The Group anticipates continued growth in the market for refurbishment and residential construction projects in and around the major cities, as well as a high level of activity in construction of data centres in Denmark.

Civil Works
Order intake was unchanged during the quarter and increased by DKK 0.8 billion in the first three quarters compared with the same periods in 2017. The growth reflected more orders in MT Højgaard.

There is still a basis for good activity in the coming years, with a positive trend in demand in the fields of infrastructure, data centres and super-hospitals, though the market is also characterised by strong price competition, foreign players and fewer large public civil works projects.

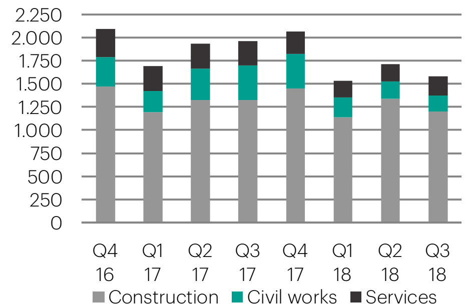
Services
Order intake increased by DKK 0.1 billion in the quarter and DKK 0.1 billion in the first three quarters of 2018 compared with the same periods in 2017. The service business was characterised by fierce competition.

REVENUE
Third-quarter Group revenue was DKK 1,583 million, down from DKK 1,962 million in the same period last year due to the effect of lower order intake in 2017.

Revenue for the first three quarters decreased by 14%, to DKK 4,826 million, as expected, from DKK 5,587 million in the comparison period.

REVENUE

DKK million



Construction
Revenue in the construction business declined by 9%, to DKK 1,200 million, from DKK 1,324 million in the same quarter of 2017.

The main construction activities during the quarter were:

- MT Højgaard's work on the residential project Hummeltoftevej in Sorgenfri, a research and laboratory building for DTU in Lyngby, the AARhus residential project in Aarhus, and the refurbishment of 40 apartment blocks in Møllevangen in Vejle.
- Enemærke & Petersen's work on the refurbishment of Hjortegården in Herlev and Denmark's biggest residential refurbishment project, Stadionkvarteret in Glostrup; plus new building at A.C. Meyers Vænge in Copenhagen and Den Grønne Fatning in Herlev. Enemærke & Petersen is also working on a large number of major and minor projects under the TRUST framework agreement with the City of Copenhagen.
- Scandi Byg's work on 96 housing units in Skjeberg Allé in Høje Taastrup C and housing units in Engdraget in Slagelse.
- Lindpro's work on a number of major and minor technical projects, including Thule Air Base, the residen projects AARhus in Aarhus and Den Grønne Fatning in Herlev.

Revenue in the construction business fell by 4% in the first three quarters, to DKK 3,674 million, from DKK 3,843 million in the same period last year.

Civil Works
Third-quarter revenue in this business area decreased by 54%, to DKK 174 million, from DKK 377 million in the same quarter of 2017 this as a consequence of the low order intake in 2017.

The main civil works activities during the quarter were:

- MT Højgaard's renewal and improvement of 56 bridges on the railway line between Ringsted and Rødby for Banedanmark, a new hospital building in Tórshavn on the Faroe Islands, a new ferry terminal in the Port of Aarhus, and construction of shell and internal service building at the New Aalborg University Hospital.

In the first three quarters revenue in this business area decreased by 39%, to DKK 579 million, from DKK 942 million in the same period in 2017.

Services
Revenue in this business area decreased by 20%, to DKK 209 million, compared with DKK 261 million in the same quarter of 2017. Adjusted for the end of Greenland Contractors' contract with the U.S. Air Force, revenue increased by 13%.

At DKK 574 million, revenue for the service business fell by 28% in the first three quarters. Revenue increased by 6% after adjustment for the end of the Greenland Contractors contract.

EARNINGS
The third-quarter operating result before special items was a DKK 459 million loss, compared with a DKK 65 million profit in the same period in 2017. The operating result before special items for the first three quarters of 2018 decreased to a loss of DKK 548 million, from a DKK 106 million profit in the same period last year.

The result was seriously impacted by the unexpected arbitration award on 14 September 2018 under which MTH GROUP's subsidiary

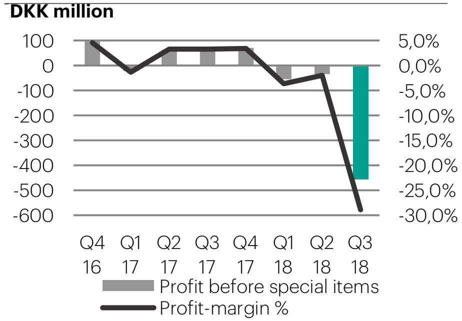
Enemærke & Petersen A/S was ordered to pay DKK 2.8 million excl. VAT plus legal costs for using MgO boards on a terraced housing project built from August 2013 to April 2014. This is the first time an award has placed responsibility for the use of MgO boards with the contractor and not the consulting engineer in cases where the consulting engineer approved the contractor's proposal for materials, but where the contractor did not expressly inform either the consulting engineer or the client that MgO boards were a new, unproven product. This despite MgO boards covering 75% of the market with continued increasing market share in 2012. As a result of the award, MTH GROUP made a substantial accounting provision to cover the Group's potential liabilities on other residential construction projects and refurbishment projects on which MgO boards were used. The amount of the provision is based on an estimated valuation. MTH GROUP is working on examine every project on which MgO boards were used, because the premises differ from case to case, and is working on solutions and clarification in collaboration with the individual clients. This work will continue over the coming quarters.

The operating result before special items was also affected by write-downs on some projects, primarily a major civil works project, totalling DKK 130 million so far this year. In addition, the result was impacted by declining revenue and the effect of severance costs.

Income tax expense was DKK 67 million for the first three quarters, compared with DKK 33 million for the same period last year, and included a DKK 60 million impairment charge on the Group's deferred tax asset as a result of the review of the future outlook.

The net result for the third quarter was a DKK 467 million loss, compared with a loss of DKK 57 million in the same period in 2017. The net result for the first three quarters of 2018 was a loss of DKK 563 million, compared with a loss of DKK 61 million in the comparison period.

OPERATING PROFIT(/LOSS) BEFORE SPECIAL ITEMS



BALANCE SHEET

Inventories totalled DKK 511 million at the end of the third quarter, compared with DKK 569 million at the beginning of the year. Inventories primarily relate to properties and construction projects developed in-house for resale totalling DKK 476 million. The decline since the end of 2017 mainly reflects the handover of the Solrækkerne project in Hedehusene.

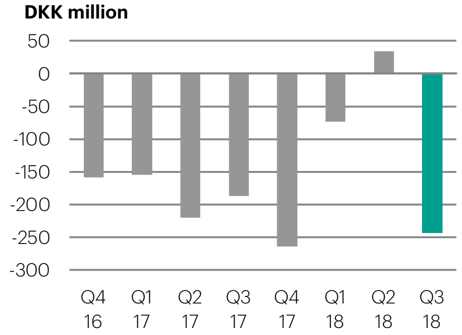
Trade receivables were DKK 1,403 million, unchanged from the end of 2017. Construction contracts in progress amounted to a net liability item of DKK 385 million at the end of September 2018 compared with a liability item of DKK 245 million at the end of 2017, reflecting project mix, activity level and the start-up of several new projects.

Trade payables amounted to DKK 962 million at 30 September, compared with DKK 1,005 million at the end of 2017, reflecting the change in the activity level.

Other current liabilities amounted to DKK 757 million at the end of September, compared with DKK 905 million at the end of 2017, mainly reflecting payment of the offshore guarantee obligation.

Overall, the Group had negative working capital of DKK 244 million, excluding properties for resale, compared with negative working capital of DKK 264 million at the end of 2017. Working capital improved by DKK 278 million in the third quarter, primarily driven by a decrease in trade receivables and less funds tied up in work in progress.

WORKING CAPITAL (EXCL. PROPERTIES)



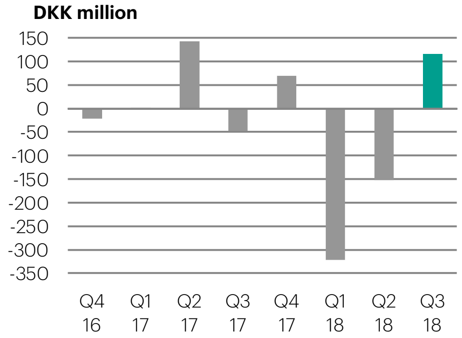
CASH FLOWS AND FINANCIAL RESOURCES

Operating cash inflow was DKK 116 million in the third quarter, compared with a DKK 46 million outflow in the same period last year. Operating activities generated a cash outflow of DKK 358 million in the first three quarters, compared with a DKK 97 million inflow in the same period in 2017.

The change was mainly driven by lower activity, declining earnings, increasing working capital and payment of a settled legacy offshore guarantee obligation.

Investing activities absorbed DKK 98 million in the first three quarters, compared with DKK 99 million in the same period in 2017. Investments in 2018 primarily relate to rental equipment in Ajos and the Group's new IT platform. However, in accordance with IFRS, DKK 94 million of lease-financed investments in Ajos have been reclassified. In the property, plant and investment register, investments will therefore total DKK 192 million.

OPERATING CASH FLOW



The Group's financial resources totalled DKK 232 million at the end of September 2018, compared with DKK 584 million at the start of the year.

In view of the unsatisfactory development in the parent company MT Højgaard, Knud Højgaards Fond has committed to provide cash injections of up to DKK 250 million as a subordinated loan (announcement of 16 August 2018). Based on the accounting provision to cover the Group's potential liabilities in the MgO board cases, Knud Højgaards Fond has committed to provide additional up to DKK 400 million as a subordinated loan (announcement of 17 September 2018). The subordinated loans will be injected to MT Højgaard A/S directly or via the merged and listed company that is expected to be formed following a merger of Højgaard Holding A/S and Monberg & Thorsen A/S.

These commitments have now been implemented in two signed loan agreements (dated 26 October 2018) between Knud Højgaards Fond and MT Højgaard A/S, so the drawdown right is in place. These facilities have not been drawn down as of the publication date.

If the new subordinated loan facilities are included, at the end of the third quarter of 2018 financial resources totalled DKK 882 million, which is considered sufficient in relation to the liabilities arising from the MgO board cases and the expected future level of activity.

In addition, Knud Højgaards Fond and Monberg & Thorsen A/S provided a subordinated loan totalling DKK 150 million in the form of a cash injection in May 2018 to ensure that the Group's development opportunities will not be limited by the effect on liquidity of legacy offshore projects (announcement of 9 May 2018).

The equity ratio was 6.4% at the end of September 2018, down from 21.9% last year, driven by the net result for the year. Including the subordinated loan of DKK 150 million in equity, the equity ratio was 10.6%. Including the waived subordinated loan of DKK 150 million and the undrawn subordinated loan facilities of DKK 650 million in equity, the equity ratio for MTH GROUP was 26,0% at the end of the quarter.

EVENTS AFTER THE REPORTING PERIOD

Immediately after the completion of the interim financial report for the third quarter, the Group received the decision from Knud Højgaards Fond and Monberg & Thorsen A/S, as of 8 November 2018 to waive the repayment of the subordinated loan totalling DKK 150 million, which as a result is added to the equity. The provisional equity as of 8 November make up DKK 401 million equalling an equity ratio of 10,6% exclusive non-controlling interests.

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS IN 2018

IFRSs implemented by MTH GROUP with effect from 2018 include IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". The net effect of the implementation of these is insignificant and consequently does not impact the outlook for 2018. Reference is made to note 1 to this interim financial report or note 27 to the 2017 Annual Report.

OUTLOOK 2018

Revenue remains unchanged at around DKK 6.8 billion for the year. Based on the current order book, revenue is expected to increase in the fourth quarter.

Following the further write-down on the previously mentioned major civil works project and a revised estimate of the earnings potential in the fourth quarter, a breakeven result is now anticipated for the fourth quarter.

Accordingly, the Group has lowered its full-year EBIT outlook to a loss of around DKK 550 million compared with the previous outlook of a loss of around DKK 400 million.

The investment in the Group's new IT platform is continuing.

The interim financial report contains forward-looking statements, including the above projections of financial performance in 2018, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the interim financial report of MT Højgaard A/S for the period 1 January – 30 September 2018.

The interim financial statements, which have not been audited or reviewed by the company's auditor, have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at 30 September 2018 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's operations and financial matters, the results for the period and the Group's financial position as well as a description of the significant risks and uncertainties pertaining to the Group.

Søborg, 8 November 2018

EXECUTIVE BOARD

Anders Heine Jensen
President and CEO

Egil Mølsted Madsen
CFO

BOARD OF DIRECTORS

Søren Bjerre-Nielsen
Chairman

Carsten Dilling

Pernille Fabricius

Ole Røsdahl

Christine Thorsen

Hans-Henrik Hannibal Hansen
Employee representative

Irene Chabior
Employee representative

Vinnie Sunke Heimann
Employee representative

Income statement and statement of comprehensive income

Amounts in DKK million	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Year
INCOME STATEMENT					
Revenue	1.582,8	1.962,0	4.826,5	5.586,7	7.648,1
Production costs	-1.922,7	-1.790,8	-5.057,6	-5.141,0	-7.017,3
Gross profit(/loss)	**-339,9**	**171,2**	**-231,1**	**445,7**	**630,8**
Distribution costs	-36,9	-50,3	-128,3	-163,1	-219,1
Administrative expenses	-77,0	-62,7	-206,8	-192,2	-261,8
Profit/(loss) before share of profit/(loss) of joint ventures	**-453,8**	**58,2**	**-566,2**	**90,4**	**149,9**
Share of profit/(loss) after tax of joint ventures	-4,8	6,7	18,0	15,4	26,4
Operating profit/(loss) before special items	**-458,6**	**64,9**	**-548,2**	**105,8**	**176,3**
Special items	-	-100,0	-	-125,0	-125,0
EBIT	**-458,6**	**-35,1**	**-548,2**	**-19,2**	**51,3**
Net financials	-4,7	-3,3	-8,3	-8,9	-11,5
Profit/(loss) before tax	**-463,3**	**-38,4**	**-556,5**	**-28,1**	**39,8**
Income tax expense	-63,6	-18,9	-67,0	-32,5	-98,2
Net profit/(loss) for the period	**-526,9**	**-57,3**	**-623,5**	**-60,6**	**-58,4**

Amounts in DKK million	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Year
Attributable to:					
Shareholders of MT Højgaard A/S	-526,9	-64,3	-623,5	-76,9	-84,1
Non-controlling interests	-	7,0	-	16,3	25,7
Total	**-526,9**	**-57,3**	**-623,5**	**-60,6**	**-58,4**
STATEMENT OF COMPREHENSIVE INCOME					
Net profit/(loss) for the period	-526,9	-57,3	-623,5	-60,6	-58,4
Other comprehensive income					
Items that may be reclassified to the income statement:					
Foreign exchange adjustments,	-0,3	-1,1	-0,3	-3,8	-3,7
foreign enterprises	1,5	0,2	1,5	4,4	3,7
Total comprehensive income	**-525,7**	**-58,2**	**-622,3**	**-60,0**	**-58,4**
Attributable to:					
Shareholders of MT Højgaard A/S	-525,7	-65,2	-622,3	-76,3	-84,1
Non-controlling interests	-	7,0	-	16,3	25,7
Total	**-525,7**	**-58,2**	**-622,3**	**-60,0**	**-58,4**

Balance sheet

ASSETS Amounts in DKK million	2018 30-09	2017 30-09	2017 31-12
NON-CURRENT ASSETS			
Intangible assets	258,4	194,9	216,1
Property, plant and equipment	695,9	618,5	629,5
Deferred tax assets	150,4	254,9	210,4
Other investments	116,3	86,7	97,0
Total non-current assets	**1.221,0**	**1.155,0**	**1.153,0**
CURRENT ASSETS			
Inventories	511,4	632,7	568,9
Trade receivables	1.403,2	1.559,1	1.402,7
Construction contracts in progress	290,1	300,4	334,5
Other receivables	132,6	119,3	80,5
Cash and cash equivalents	71,1	182,8	135,4
Total current assets	**2.408,4**	**2.794,3**	**2.522,0**
Total assets	**3.629,4**	**3.949,3**	**3.675,0**

EQUITY AND LIABILITIES Amounts in DKK million	2018 30-09	2017 30-09	2017 31-12
EQUITY			
Equity attributable to shareholders	233,3	865,3	855,8
Non-controlling interests	17,8	38,4	27,8
Total equity	**251,1**	**903,7**	**883,6**
NON-CURRENT LIABILITIES			
Subordinated loan	150,0	-	-
Bank loans, etc.	234,2	150,6	162,6
Deferred tax liabilities	22,0	12,9	13,0
Provisions	258,1	220,1	80,5
Total non-current liabilities	**664,3**	**383,6**	**256,1**
CURRENT LIABILITIES			
Bank loans, etc.	320,3	101,3	46,0
Construction contracts in progress	675,4	725,9	579,9
Trade payables	961,8	966,2	1.004,7
Other current liabilities	756,5	868,6	904,7
Total current liabilities	**2.714,0**	**2.662,0**	**2.535,3**
Total liabilities	**3.378,3**	**3.045,6**	**2.791,4**
Total equity and liabilities	**3.629,4**	**3.949,3**	**3.675,0**

Statement of cash flows

Amounts in DKK million	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Year
OPERATING ACTIVITIES					
EBIT	-458,6	-35,1	-548,2	-19,2	51,3
Adjustments for items not included in cash flow	219,4	125,9	239,7	193,3	192,1
Cash flows from operating activities before working capital changes	**-239,2**	**90,8**	**-308,5**	**174,1**	**243,4**
Working capital changes					
Inventories	11,0	46,7	57,4	9,6	73,5
Receivables excl. construction contracts in progress	102,0	-204,2	-54,7	-202,3	-7,8
Construction contracts in progress	170,9	100,3	139,9	-26,6	-206,6
Trade and other current payables	75,9	-77,3	-182,8	152,9	105,5
Cash flows from operations (operating activities)	**120,6**	**-43,7**	**-348,7**	**107,7**	**208,0**
Net financials	-4,7	-3,3	-8,2	-8,9	-11,5
Cash flows from operations (ordinary activities)	**115,9**	**-47,0**	**-356,9**	**98,8**	**196,5**
Income taxes paid, net	-	0,7	-0,9	-1,6	-28,7
Operating cash flow	**115,9**	**-46,3**	**-357,8**	**97,2**	**167,8**
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	-38,7	-45,1	-110,6	-115,5	-86,0
Other investments, net	9,1	11,4	12,3	16,3	-12,4
Cash flows from investing activities	**-29,6**	**-33,7**	**-98,3**	**-99,2**	**-98,4**
Cash flows from financing activities	**-12,8**	**-4,9**	**127,6**	**33,2**	**-35,4**
Net increase (decrease) in cash and cash equivalents	**73,5**	**-84,9**	**-328,5**	**31,2**	**34,0**
Cash and cash equivalents at beginning of period	-266,6	217,5	135,4	101,4	101,4
Cash and cash equivalents at end of period	**-193,1**	**132,6**	**-193,1**	**132,6**	**135,4**

Statement of changes in equity

Amounts in DKK million

Statement of changes in equity	Share capital	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to shareholders	Attributable to non-controlling interests	Total equity
2018							
Equity at 1 January	**520,0**	**-34,3**	**1,5**	**368,6**	**855,8**	**27,8**	**883,6**
Effect of accounting policies, IFRS 15				-0,7	-0,7		-0,7
Tax effect, IFRS 15				0,2	0,2		0,2
Adjusted equity at 1 January	**520,0**	**-34,3**	**1,5**	**368,1**	**855,3**	**27,8**	**883,1**
Net profit/(loss) for the period	**-**	**-**	**-**	**-623,5**	**-623,5**	**-**	**-623,5**
Other comprehensive income:							
Foreign exchange adjustments foreign enterprises	-	-	-0,3	-	-0,3	-	-0,3
Value adjustment of hedging instruments, joint ventures	-	1,5	-	-	1,5	-	1,5
Total other comprehensive income	**-**	**1,5**	**-0,3**	**-**	**1,2**	**-**	**1,2**
Transactions with owners:							
Issued warrants, employee contribution	-	-	-	0,3	0,3	-	0,3
Dividends paid	-	-	-	-	-	-10,0	-10,0
Total transactions with owners	**-**	**-**	**-**	**0,3**	**0,3**	**-10,0**	**-9,7**
Total changes in equity	**-**	**1,5**	**-0,3**	**-623,2**	**-622,0**	**-10,0**	**-632,0**
Equity at 30 September	**520,0**	**-32,8**	**1,2**	**-255,1**	**233,3**	**17,8**	**251,1**
2017							
Equity at 1 January	**520,0**	**-38,0**	**5,2**	**454,4**	**941,6**	**22,1**	**963,7**
Net profit/(loss) for the period	**-**	**-**	**-**	**-76,9**	**-76,9**	**16,3**	**-60,6**
Other comprehensive income:							
Foreign exchange adjustments foreign enterprises	-	-	-3,8	-	-3,8	-	-3,8
Value adjustment of hedging instruments, joint ventures	-	4,4	-	-	4,4	-	4,4
Skat af anden totalindkomst	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**4,4**	**-3,8**	**-**	**0,6**	**-**	**0,6**
Transactions with owners:							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in equity	**-**	**4,4**	**-3,8**	**-76,9**	**-76,3**	**16,3**	**-60,0**
Equity at 30 September	**520,0**	**-33,6**	**1,4**	**377,5**	**865,3**	**38,4**	**903,7**

Notes

1 ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for interim financial reports.

A full description of accounting policies is provided in the 2017 annual report. The accounting policies are unchanged from the 2017 annual report, except as stated below.

Changes to accounting policies

The Group has implemented IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" with effect from 1 January 2018.

IFRS 9 "Financial Instruments", which replaces IAS 39, requires, among other things, initial recognition of expected credit losses instead of the previous practice of on indication of impairment. This has not had any material effect on the Group or the implementation at 1 January 2018 and consequently has not had any effect on opening equity.

Only IFRS 15 has had an effect on recognition and measurement in the interim financial report. The effect on profit/(loss), balance sheet, cash flows and financial ratios is insignificant.

IFRS 15 "Revenue from Contracts with Customers" replaces the previous revenue standards (IAS 11 and IAS 18) and interpretations, and the new standard introduces a new five-step model for recognition and measurement of revenue.

The Group has decided to use the 'modified' retrospective transition option whereby the net effect on profit/(loss), DKK 0.5 million in total, is recognised in equity at 1 January 2018, with no restatement of comparative figures. For information on the gross effect, reference is made to note 27 to the 2017 annual report.

Because the 'modified' retrospective transition option has been used, management has assessed the differences between IFRS 15 and previous accounting practice for the period 1 January – 30 September 2018. Management has not identified any material differences that have affected the period under review or the individual items. The Group has not capitalised any material costs of obtaining contracts.

Revenue

Revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, sale of residential projects, rental income, services, etc.

Revenue from construction contracts under which assets or plants with a high degree of individual customisation are supplied is recognised in the income statement by reference to the stage of completion so that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). Management regularly assesses estimates and judgements of, for example, contracts, variable consideration, identification of the sub-components, etc., of sales contracts.

Income from construction contracts comprises the agreed contract sum plus or minus agreed variations to contract work, claims for extra work, and any related interest payments, etc.

Revenue from projects developed in-house and residential projects is recognised as control is transferred, to the extent that the sale to the customer is final, the sale is legally enforceable and collection is reasonably assured (based on percentage of completion).

Revenue relating to rental income, services, etc., is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the income can be measured reliably and its payment is probable.

Revenue is measured net of value added and similar sales-based taxes, but including trade discounts and rebates.

A breakdown of revenue is provided below, in accordance with the disclosure requirements in IFRS 15:

Amounts in DKK million	Q3 2018	Q3 2017	2017
Work in progress	1.327	1.513	6.243
Services	206	252	1.009
Other revenue, including project sales	50	197	397
Revenue	**1.583**	**1.962**	**7.648**

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make accounting estimates and judgements that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting estimates and the associated estimation uncertainty, which are considered customary and essentially unchanged, are described in note 2 to the 2017 annual report.

3 SHARE-BASED PAYMENT TRANSACTIONS

In April 2014, the Group set up a warrant programme for the Group's management team that runs for the period until 2019. The warrant programme was classified as a cash-settled arrangement at the end of 2016.

The combined fair value of the programme for 2014-2015 determined at the grant dates using an option valuation model was DKK 3.1 million. Future adjustments to fair value will be expensed on a straight-line basis until April 2019, when the programme will come to an end.

In April 2018, the Group set up an additional warrant programme for the Group's management team that runs for the period until 2020. This programme is also accounted for as a cash-settled arrangement. The fair value of the programme for 2018 determined at the grant date was DKK 0.3 million, also here using an option valuation model.

The fair value of both programmes was DKK 0.3 million at 30 September 2018 and will be expensed on a straight-line basis until the end of the programmes.

At the end of September 2018, outstanding warrants totalled 25,154 nos. with a nominal value of DKK 1,000 each, corresponding to 4.8% of the share capital. The programme must be valued at the end of each quarter, finishing in April 2019 for the 2014-2015 programme and April 2020 for the 2018 programme. The service period also expires in April 2019 and April 2020 respectively.

4 SUBORDINATED LOAN

In May 2018, MTH GROUP's owners strengthened the liquidity and capital base through a DKK 150 million subordinated loan. The loan is subordinated to the claims of all other creditors and lenders.

No principal repayments are due on the facility up to and including 30 April 2021, after which the loan will be repaid with DKK 50 million on 1 May 2021, DKK 50 million on 1 May 2022 and the balance on 1 May 2023.

As of 8 November 2018 the subordinated loan have been waived.

MTH GROUP have unused subordinated loan facilities of DKK 650 million which was implemented in October 2018. So far, these facilities have not been drawn down.

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